

**POOLED LIABILITY ASSURANCE NETWORK JOINT
POWERS AUTHORITY
(PLAN JPA)**

**MINUTES OF THE FINANCE COMMITTEE
MEETING OF MARCH 10, 2022**

A regular meeting of the Finance Committee was held on March 10, 2022, via videoconference.

MEMBERS PRESENT: Pak Lin, Chair, Colma
Jan Cooke, Hillsborough
Cindy Safe, Woodside

MEMBERS ABSENT: None

OTHERS PRESENT: Jon Paulsen, General Manager
Katie Sullivan, Assistant General Manager
Karla Lopez, Administrative Assistant
Ritesh Sharma, Finance Manager
Becky Richard, Bickmore Actuarial
Miguel Baes, Sedgwick
Lauren Lai, Milpitas (*Left after Agenda Item 6.A*)

1. CALL TO ORDER:

The Regular Meeting of the PLAN JPA Finance Committee meeting was called to order at 10:31 a.m.

2. INTRODUCTIONS:

Roll call was taken and it was determined there was a quorum present.

3. APPROVAL OF THE AGENDA AS POSTED (OR AMENDED):

Jan Cooke moved to approve the agenda as posted. Cindy Safe seconded the motion. A roll call vote was taken and the motion passed unanimously by Pak Lin, Jan Cooke, and Cindy Safe.

4. PUBLIC COMMENTS:

None.

5. AB361

A. Update on AB361 and Virtual Committee Meetings

PLAN JPA staff consulted with Board Counsel regarding recently passed legislation, AB361, pertaining to teleconference and virtual meetings. Under AB361, local agency boards may conduct meetings by teleconference subject to modified rules during a State-proclaimed state of emergency when either (1) social distancing measures are required or recommended by state or local officials, or (2) the governing board determines meeting in person would present imminent risks to the health or safety of attendees.

Jon Paulsen, PLAN JPA General Manager, stated to continue to meet virtually, staff is recommending the Committee adopt a resolution to continue remote meetings based on the findings made in made in the resolution.

Cindy Safe moved to adopt Resolution 2022-01 that, as a result of the COVID-19 emergency, meeting in person would present imminent risks to the health or safety of attendees, and the meeting should be held by teleconference as authorized by subdivision (e)(1)(C) of section 54943 of the Government Code. Jan Cooke seconded the motion. A roll call vote was taken and the motion passed unanimously by Pak Lin, Jan Cooke, and Cindy Safe.

6. CONSENT CALENDAR:

Jan Cooke moved to approve the following items: A) Minutes from the March 9, 2021, Finance Committee Meeting; B) Minutes from the March 17, 2021, Special Finance Committee Meeting; C) Memo from PFM Asset Management; and D) PLAN JPA Investment Policy – Approved 6.18.21. Cindy Safe seconded the motion. A roll call vote was taken and the motion passed unanimously by Pak Lin, Jan Cooke, and Cindy Safe.

6. FINANCIAL MATTERS:

A. Liability Program Updates and Draft Actuarial Report

The preliminary actuarial report provides funding information for the upcoming 2022/23 program year. Ritesh Sharma, PLAN JPA Finance Manager, reviewed the layers of the General Liability Program from the member's self-insured retention (SIR) through the top excess layer of \$5 million excess \$25 million.

Mr. Sharma introduced Becky Richard, Bickmore Actuarial, who compiled the actuarial report using loss run and estimated payroll data as of December 31, 2021. In the past year, PLAN JPA has funded slightly above the 60% confidence level. Compared to prior years, Mr. Sharma noted PLAN JPA's SIR went from \$2.5M to \$1M in 2021/22 by way of joining the California Affiliated Risk Management Authority (CARMA), which resulted in funding decreases. For 2022/23, the Liability Program funding increased by \$373,000 or 7.9% over 2021/22 at the 60% confidence level. The increase in the primary funding layer is due to estimated payroll increasing by 6.4%.

With a change in methodology in the collection of actual payrolls from members based on DE9, better consistency on the data and estimated payroll for 2022/23 was obtained; however, members would experience greater year over year variances.

Ms. Richard reminded the Committee the actuarial report also includes changes to the contribution calculation method implemented during the 2021/22 program year and will continue for the 2022/23 program year. A 30% cap is placed on the ex-mod change year over year. Due to changes in the contribution calculation methodology, it was recommended that a phase-in period be utilized on contribution changes with a 40% cap in 2021/22, a 50% cap in 2022/23, and a 60% cap in 2023/24.

B. Property Program Updates and Draft Actuarial Report

Mr. Sharma reviewed the current Property Program structure for PLAN JPA. In previous years, the Property Program has been funded at the 70% confidence level. The preliminary actuarial report provides funding analysis for the 2022/23 program year.

Ms. Richard reviewed the actuarial report for the Property Program, noting the report was utilizing loss run and estimated insured property values as of December 31, 2021.

Mr. Sharma stated for 2022/23, PLAN JPA's Property Program pooled layer would experience an increase of \$271,000, or 26.5%, over 2021/22, at the 70% confidence level.

This is due to an increase in Total Insured Values (TIV) of 9.4% over prior year's insured values. However, TIV information was still being collected by Alliant.

C. Review of the 2022/23 Preliminary Operating Budget

Mr. Sharma reviewed the 2022/23 Preliminary Operating Budget with the Committee. He noted the funding model is similar to what PLAN JPA has approved in the past, contributions are capped at 50% for 2022/23, whereas the cap in 2021/22 was limited to a 40% change year over year. Mr. Sharma detailed the budget, as follows:

- For the Liability Program, member contributions are presented at the 60% confidence level, with a 2% discount factor. PLAN JPA's SIR is up to \$1M above each member's SIR. PLAN JPA joined CARMA in 2021/22 at the \$9M excess \$1M layer. Above CARMA's pooled layer, PLAN JPA purchases reinsurance and excess above \$10M; these coverage layers are the same as the prior year.
- For the Property Program, member contributions are presented at the 70% confidence level with a 2% discount factor. The proposed coverage is losses pooled from member's SIR up to \$500,000 (prior year SIR was \$225,000) per occurrence with zero aggregate deductible and excess coverage purchased up to \$1 billion.

Mr. Sharma reviewed the major components of the budget, stating contributions are projected to increase from \$22 million to \$26.1 million; an increase of 19% over the prior year. Increase in estimated payroll of 6.4% from prior year, with 24 members experiencing a 15.2% average increase. The 2022/23 estimated payroll is based upon the actual payroll collected on a quarterly basis, annualized with a conservative 2.5% trend increase.

7. CLOSING COMMENTS:

A. Finance Committee

None.

B. Staff

None.

8. ADJOURNMENT

The Regular Meeting of the PLAN JPA Finance Committee was adjourned at 12:06 p.m.

A handwritten signature in cursive script that reads "Katie Sullivan". The signature is written in black ink and is positioned above a horizontal line.

Katie Sullivan, Assistant Board Secretary